

Message Text

CONFIDENTIAL

PAGE 01 OECD P 12561 01 OF 02 161952Z

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

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NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 7090

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 12561

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA: NOTE BY CHAIRMAN DAVIGNON

1. FOLLOWING IS NOTE BY CHAIRMAN DAVIGNON CIRCULATED BY SECRETARIAT CONTAINING A DRAFT SUMMARY ON THE PROBLEMS OF PRODUCER/CONSUMER RELATIONS, FOLLOWING THE DISCUSSION IN THE GOVERNING BOARD ON 28TH AND 29TH APRIL, 1975.

2. BEGIN TEXT:

AS HE HAD PROMISED DELEGATIONS, THE CHAIRMAN HAD BY 1ST MAY DRAFTED HIS SUMMARY OF THE DISCUSSIONS WHICH HAD TAKEN PLACE IN THE GOVERNING BOARD ON THE PROBLEM OF PRODUCER/CONSUMER RELATIONS. UNFORTUNATELY, THE MANUSCRIPT OF THIS SUMMARY HAS BEEN MISLAID.

IN THESE CIRCUMSTANCES, THE CHAIRMAN WONDERS WHETHER THERE IS STILL ANY POINT AT THIS STAGE IN SUBMITTING A DRAFT SUMMARY TO THE GOVERNING BOARD FOR APPROVAL. INSTEAD, HE FEELS IT WOULD BE MORE USEFUL TO CONCENTRATE HENCEFORWARD ON THE FORTHCOMING MEETINGS. HE IS NEVERTHELESS CONCERNED TO KEEP THE PROMISE HE

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PAGE 02 OECD P 12561 01 OF 02 161952Z

GAVE THE GOVERNING BOARD. HE IS THEREFORE COMMUNICATING

TO DELEGATIONS HIS DRAFT SUMMARY BELOW, WITH THE REQUEST THAT THEY WILL REGARD IT PURELY AND SIMPLY AS A WORKING PAPER WHICH SHOULD NOT BE THE SUBJECT OF DISCUSSION IN THE GOVERNING BOARD.

1. USEFUL LESSONS HAVE BEEN DRAWN FROM THE PREPARATORY MEETING IN PARIS.

2. IN ACCORDANCE WITH WHAT WAS DECIDED AT THE END OF THE PREPARATORY MEETING, OUR OPPOSITE NUMBERS HAVE SAID THAT IT SERVED A USEFUL PURPOSE. APART FROM CERTAIN RARE EXCEPTIONS, THERE HAVE BEEN NO REACTIONS INDICATIVE OF BITTERNESS OR ANIMOSITY ON THEIR PART.

3. THE INDUSTRIALIZED CONSUMER COUNTRIES DO NOT CONTEMPLATE TAKING ANY SPECIFIC INITIATIVE IN THE IMMEDIATE FUTURE WITH REGARD TO RESUMING THE DIALOGUE, UNTIL THEY HAVE COMPLETED THEIR EVALUATION OF THE SITUATION AND UNTIL THEY HAVE ADJUSTED THEIR POSITION IN THE LIGHT OF THE LESSONS TO BE DRAWN FROM THE PARIS MEETING. ON THE OTHER HAND, THE DESIRE AND THE WILL TO ENTER INTO SUCH A DIALOGUE REMAIN AN ESSENTIAL PART OF THE POLICY OF THESE COUNTRIES.

4. IT IS AN UNDENIABLE POLITICAL FACT THAT DEVELOPING COUNTRIES, WHETHER THEY BE OIL PRODUCERS OR CONSUMERS, ASSOCIATE PROBLEMS OF COOPERATION IN ENERGY DEVELOPMENT WITH THOSE CONCERNING RAW MATERIALS. ON THE OTHER HAND, THE COUNTRIES PARTICIPATING IN THE AGENCY DO NOT WISH THE PROPOSED DIALOGUE TO BECOME A CONFERENCE ON "THE NEW ECONOMIC ORDER" DEALING WITH ENERGY AS ONE ITEM AMONG OTHERS.

5. ACCORDINGLY, THERE ARE THREE POSSIBILITIES OPEN TO THE AGENCY COUNTRIES:

A) EITHER THEY MAINTAIN THE POSITION ADOPTED BEFORE THE AVENUE KLEBER MEETING, IN WHICH CASE NO DIALOGUE WILL BE POSSIBLE,

B) OR THEY AGREE TO ENERGY QUESTIONS BEING, IN SOME FORM OR ANOTHER, ONLY ONE ASPECT OF A BROADER SERIES OF

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PAGE 03 OECD P 12561 01 OF 02 161952Z

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PAGE 01 OECD P 12561 02 OF 02 161954Z

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ACTION EUR-12

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 12561

C) OR THEY CHOOSE A SOMEWHAT NEW APPROACH. IN THIS EVENT THEY WOULD DECIDE TO MEET THE CONCERNS OF THE 77 BY DEMONSTRATING TO THEM THAT THE POSITIONS THEY HAVE ADOPTED ON RAW MATERIALS REFLECT A GENUINE POLICY CHOICE, AND PROVIDING SPECIFIC PROOF OF THIS BY GIVING FRESH IMPETUS TO OTHER BODIES WHICH DEAL WITH RAW MATERIALS. ADOPTING THIS THIRD COURSE WILL PERHAPS MAKE IT EASIER TO START A REAL DISCUSSION ON ENERGY WHICH, BECAUSE IT IS SUI GENERIS, REQUIRES TO BE DISCUSSED ON ITS OWN.

6. IT IS OBVIOUS THAT THE AGENCY IS NOT AN APPROPRIATE FORUM IN WHICH TO DEAL WITH THE SUBSTANCE OF THE RAW MATERIALS ISSUE. HOWEVER, IT IS A MATTER OF POLITICAL CONCERN TO THE COUNTRIES PARTICIPATING IN THE AGENCY THAT THIS SUBJECT SHOULD BE DEALT WITH IN AN EFFECTIVE MANNER WITHIN THE APPROPRIATE FORA, AND THAT THEIR PRIOR CONSULTATION ARRANGEMENTS SHOULD BE EFFECTIVE.

IT IS ACCORDINGLY FOR GOVERNMENTS TO ENSURE THAT
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PAGE 02 OECD P 12561 02 OF 02 161954Z

THEIR DELEGATIONS TO OTHER BODIES SHOULD BEAR IN MIND THIS POLITICAL CONCERN IN REGARD TO RAW MATERIALS. THE MEETING OF THE EXECUTIVE COMMITTEE IN SPECIAL SESSION ON THE 6TH AND 7TH MAY WILL PROVIDE AN EARLY OPPORTUNITY FOR THIS. IT WILL ALSO BE NECESSARY TO SEE THAT ANY PASSAGES DEALING WITH RAW MATERIALS IN THE COMMUNIDUES OF THE GOVERNING BOARD AT MINISTERIAL LEVEL AND THE OECD COUNCIL MEETING AT MINISTERIAL LEVEL SHOULD BE IN AGREEMENT, BE COMPLEMENTARY AND BE SEEN AS PART OF THE SAME CONCEPT.

7. THE CONCLUSIONS TO BE DRAWN FROM THE PREPARATORY MEETING AS REGARDS THE AGENCY'S "INTERNAL" ACTIVITIES ARE AS FOLLOWS:

A) COHESION BETWEEN THE PARTICIPATING COUNTRIES HAS BEEN MAINTAINED.

B) WORK MUST GO ON, PARTICULARLY THAT REGARDING LONG-TERM COOPERATION IN ACCORDANCE WITH CHAPTER SEVEN OF THE AGREEMENT, AND WITH THE OBJECTIVE OF ENSURING STABLE AND EQUITABLE CONDITIONS ON THE INTERNATIONAL OIL MARKET.

8. AS FAR AS THE DIALOGUE IS CONCERNED, THEREFORE, IT WOULD SEEM THAT THE AGENCY SHOULD:

A) CONFIRM ITS POLITICAL WILL TO ENTER INTO THE DIALOGUE;

B) CONTINUE WITH ITS PREPARATION, EVEN THOUGH THE DATE MAY BE UNCERTAIN, AND TO MAKE USE OF THE RESULTS OF THIS PREPARATORY WORK IN BILATERAL CONTACTS WITH THE PRODUCERS AND WITH OTHER CONSUMERS;

C) HAVE CONTACTS AT TECHNICAL LEVEL WITH THE PRODUCERS AND IN PARTICULAR WITH OPEC, IN WHICH REGARD THE LATTER'S HOST COUNTRY COULD PLAY A USEFUL ROLE;

D) IMPROVE ITS SYSTEM OF PUBLIC RELATIONS.
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PAGE 03 OECD P 12561 02 OF 02 161954Z

END TEXT.
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